

JUL 25 2005

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF VIRGINIA
CHARLOTTESVILLE DIVISION

JOHN F. CORCORAN, CLERK
BY: *[Signature]* DEPUTY CLERK

ROY M. TERRY, JR., *et al*,

Plaintiffs,

v.

MICHAEL J. HARDESTY,
INNOVATIVE BUSINESS
CONSULTING, INC., and
HATCHLANDS FINANCE, LTD.,

Defendants,

CASE NO. 3:04CV00084

REPORT AND RECOMMENDATION

By: B. WAUGH CRIGLER
U.S. MAGISTRATE JUDGE

On October 21, 2004, the Receiver filed a Complaint against the defendants, jointly and severally, for \$2,041,062.50. On April 25, 2005, process was served against Hatchlands Finance, Ltd. (hereafter "Hatchlands"), an International Business Corporation incorporated in the British Virgin Islands, in accordance with the Hague Service Convention by the deliverance of Summons and Complaint to Hatchlands' registered agent, Euro American Trust & Management Services, Ltd. Hatchlands never filed an Answer to the Complaint or made an appearance before the court. Upon motion of the Receiver, the Clerk of the Court entered default against Hatchlands on July 6, 2005. On July 11, 2005, the Receiver filed a motion for default judgment under FED. R. CIV. P. 55, and on July 22, 2005 the court held a hearing on such motion, which Hatchlands failed to attend. At the hearing, the Receiver proffered to the court documentary evidence of the total sum demanded in the Complaint.

Finding that the substantial evidence supports the Receiver's claim, the undersigned hereby

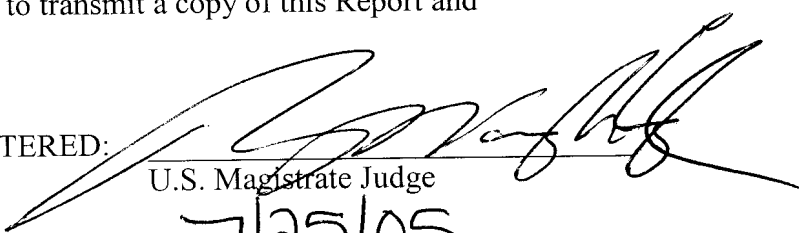
RECOMMENDS

that default judgment be entered against Hatchlands Finance, Ltd. in the amount of

\$2,041,062.50.¹

The Clerk of the Court hereby is directed to transmit a copy of this Report and Recommendation to all counsel of record.

ENTERED:


U.S. Magistrate Judge

7/25/05
Date

¹ Plaintiff offered and the court received an exhibit setting forth an accounting of the funds received by Hatchlands out of those generated by the Ponzi scheme. Plaintiffs damages, thus, have been established against this defaulting party. FED. R. CIV. P. 55(b)(2).